

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6399**

**BILL NUMBER:** SB 175

**DATE PREPARED:** Nov 16, 2001

**BILL AMENDED:**

**SUBJECT:** School Referendum Tax Levies.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that if an excessive levy referendum is approved, a school corporation may impose a referendum tax levy that is separate from the general fund tax levy. It provides that voters may reimpose or extend a referendum tax levy through the referendum process but may not approve a referendum tax levy that is imposed for more than seven years. The bill does not include the referendum tax levy in the determination of state tuition support or maximum general fund tax levy.

**Effective Date:** January 1, 2003.

**Explanation of State Expenditures:** Currently, an approved referendum provides a permanent increase to a school's general fund levy. The levy increase due to the approval of the referendum does not receive property tax replacement credits (PTRC). The amount of the referendum is excluded from the tuition support formula calculation the first and second years the increase is imposed. In latter years the referendum is treated the same as other general fund levy increases and has been included in expenditure and taxpayer equalization calculations. Due to certain provisions in the current school formula, a school that passed a referendum may not be receiving additional revenue generated by the passage of the referendum. A school that receives the foundation grant of \$4,440 in CY 2002 and passed a referendum more than two years ago is receiving the same school formula revenue and has the same tax rate as a school that did not pass a referendum..

The bill would create the referendum tax fund and levy. The levy may be imposed for up to seven years and is equal to the amount of referendum approved by the voters. The new levy would be eligible for PTRC. The new levy would also be excluded from the tuition support calculations. It is not possible to estimate the number of future referendums or who might pass a referendum.

The state's expense for PTRC could be increased under this bill. PTRC is paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any additional PTRC

expenditures would ultimately come from the General Fund.

The exclusion of the referendum levy from the school formula would also decrease school general fund levies and increase state tuition support funding for the school formula.

The following table lists the number and the dollar amount of levy increases due to approved referendums since 1982.

<b>Calendar Year</b>	<b>Number Approved</b>	<b>Levy</b>
1982	1	\$47,000
1985	4	\$2,350,034
1986	5	\$4,413,281
1987	4	\$1,263,000
1988	2	\$5,449,875
1997	1	\$456,085
1998	1	\$150,000

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See Explanation of State Expenditures.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education, State Board of Tax Commissioners, State Board of Accounts.

**Local Agencies Affected:** Local School Corporations.

**Information Sources:** Department of Education databases.